



**National Rural Electric
Cooperative Association**

A Touchstone Energy® Cooperative

October 21, 2015

Hon. Tom Wheeler, Chair
Federal Communications Commission
445 12th St., SW
Washington DC 20554

RE: Connect America Fund, WC Docket No. 10-90; ETC Annual Reports and Certifications, WC
Docket No. 14-58; Rural Broadband Experiments, WC Docket No. 14-259

Dear Chairman Wheeler:

I understand that the Commission is considering a decision in the near future regarding the inclusion of the National Rural Utilities Cooperative Finance Corporation (CFC) as a qualified provider of letters of credit (LOCs) under both the Rural Broadband Experiments program and the planned CAF Phase II reverse auction. I want to take this opportunity to remind you of NRECA's January 26, 2015 letter (attached here) and reiterate the strong support of NRECA for CFC's request for inclusion.

CFC is the financial cooperative which solely serves rural utilities. As of this date well over 200 of NRECA's member rural electric cooperatives rely *solely* on CFC loans and well over 700 of NRECA members rely on a combination of CFC and other financing entities to support major capital projects and other funding requirements. If CFC's limited rule waiver request is not granted electric cooperatives committed to the Commission's policy objectives of increased broadband investment and deployment in rural communities, would be required to find another lender to provide an LOC in order to participate in the FCC's primary rural broadband programs. This would not only add an unnecessary administrative burden but would increase the cost of multi-year LOCs since the fees required from commercial banks could be substantially higher – as much as 4 times higher -- than what CFC is in a position to offer rural electric cooperatives. CFC has submitted multiple ex-parte filings detailing the strength of its portfolio and its impeccable credit history as well as longstanding relationships with federal agencies. CFC's July 16, 2015 filing describes a relationship with the U.S. Department of Agriculture and the Federal Financing Bank totaling \$4.9 billion. The fact that a federal agency with such financial scale, scope and expertise has such a sizable relationship with CFC should give the FCC considerable comfort with regard to CFC's financial integrity and credibility.

This decision is very important to NRECA's members – American's 900 rural electric cooperatives – and by extension many rural residents who want and deserve access to today's modern communications resources which our members are poised to provide.

On behalf of NRECA members, I urge the Commission to grant CFC's petition and recognize CFC Letters of Credit for the FCC's programs.

Thank you for your attention to our concerns.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Kirk Johnson", with a long horizontal flourish extending to the right.

Kirk Johnson
Senior Vice President, Government Relations

Cc. Hon. Mignon Clyburn
Hon. Jessica Rosenworcel
Hon. Ajit Pai
Hon. Michael O'Rielly



**National Rural Electric
Cooperative Association**

A Truist Energy Cooperative

Received & Inspected

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FCC Mail Room

Ex-Parte Notice

January 26, 2015

Hon. Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20536

EX PARTE OR LATE FILED

**Re: Connect America Fund, WC Docket No. 10-90; ETC Annual Reports and
Certifications, WC Docket 14-58**

**Waiver from the Broadband Experiments Bank Eligibility Requirements for the
National Rural Utilities Cooperative Finance Corporation**

Dear Secretary Dortch:

The National Rural Electric Cooperative Association ("NRECA") is dedicated to representing the national interests of cooperative electric utilities and the consumers they serve. NRECA is the national service organization for more than 900 not-for-profit rural electric utilities that provide electric energy to over 42 million people in 47 states or 12 percent of electric customers. Our members were formed to provide reliable electric service to their owner-members at the lowest reasonable cost. Rural electric cooperatives operate according to seven principles, the 7th of which is Concern for Community. Under this principle, cooperatives focus on the needs of the community at large. Given that our communities are among the unserved and underserved with regard to broadband, NRECA members have recently become engaged in exploring building and managing broadband systems for the benefit of their member-owners, either as individual entities or in partnership with others.

The National Rural Utilities Cooperative Finance Corporation ("CFC") is a nonprofit member-owned cooperative association whose primary purpose is to provide its members with financing to supplement the loan programs of the United States Department of Agriculture's Rural Utilities Service. CFC was formed in 1969 as a result of an effort by NRECA and today CFC members are rural electric cooperatives who are members of NRECA. CFC lends to its members so they can acquire, build and operate utility distribution, generation, transmission and related facilities throughout the country. For most of its members CFC serves as a major (and for approximately 200 members, the only) financial resource. Many CFC members have access to a wide variety of borrowing options, yet choose to borrow exclusively from CFC because of attractive rates and flexible products.

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NRECA is filing this letter to support CFC's request to be included as an eligible financial institution to provide letters of credit for FCC programs. It is NRECA's belief that including this worthy institution as an eligible provider of financial services helps to increase the options available to our members and thus, encourages their participation in FCC programs. Many of CFC's members serve the most rural and impoverished areas of the United States. These areas are the ones most in need of more robust communications opportunities.

Thank you for your consideration of CFC's request.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kirk Johnson", with a long horizontal flourish extending to the right.

Kirk Johnson, Senior Vice President
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